

34-1120
TOWNSHIP OF ORLEANS
Ionia County, Michigan



GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Orleans	County Ionia
Audit Date March 31, 2004	Opinion Date June 17, 2004	Date Accountant Report Submitted to State: June 17, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

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JUL 19 2004

LOCAL AUDIT & FINANCE DIV

You must check the applicable box for each item below.

- | | |
|--|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF ORLEANS
Ionia County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

June 17, 2004

To the Township Board
Township of Orleans
Ionia County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Orleans, Ionia County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Orleans's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Orleans, Ionia County, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To the Township Board
Township of Orleans
Ionia County, Michigan
June 17, 2004
Page 2

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Orleans, Ionia County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT
GROUPS AND COMPONENT UNIT

March 31, 2004

EXHIBIT A
Page 1

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account General Fixed Assets</u>
<u>Assets</u>	<u>General</u>	<u>Enterprise</u>	<u>Agency</u>	
Cash in bank	198 389 61	115 778 07	1 077 00	-
Restricted cash in bank	-	427 523 10	-	-
Taxes receivable	8 628 04	-	-	-
Due from other funds	1 077 00	-	-	-
Special assessments receivable	-	1 240 299 86	-	-
Land and improvements	-	-	-	107 963 80
Building	-	-	-	145 762 49
Equipment	-	-	-	282 024 21
Water system	-	4 167 439 33	-	-
Accumulated depreciation	-	(83 348 79)	-	-
Contract receivable	-	-	-	-
Amount to be provided for retirement of long term debt	-	-	-	-
Total Assets	<u>208 094 65</u>	<u>5 867 691 57</u>	<u>1 077 00</u>	<u>535 750 50</u>

The accompanying notes are an integral part of these financial statements.

<u>Groups</u> <u>General Long-</u> <u>Term Debt</u>	Primary Government Total (Memorandum Only)	Component Unit	Reporting Entity Total (Memorandum Only)
-	315 244 68	1 150 85	316 395 53
-	427 523 10	-	427 523 10
-	8 628 04	-	8 628 04
-	1 077 00	-	1 077 00
-	1 240 299 86	-	1 240 299 86
-	107 963 80	-	107 963 80
-	145 762 49	306 910 03	452 672 52
-	282 024 21	-	282 024 21
-	4 167 439 33	-	4 167 439 33
-	(83 348 79)	-	(83 348 79)
-	-	629 792 65	629 792 65
<u>629 792 65</u>	<u>629 792 65</u>	<u>293 880 00</u>	<u>923 672 65</u>
<u>629 792 65</u>	<u>7 242 406 37</u>	<u>1 231 733 53</u>	<u>8 474 139 90</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT
GROUPS AND COMPONENT UNIT
March 31, 2004

EXHIBIT A
Page 2

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account General Fixed Assets</u>
	<u>General</u>	<u>Enterprise</u>	<u>Agency</u>	
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	843 07	-	-	-
Due to other funds	-	-	1 077 00	-
Contract payable	-	-	-	-
Deferred revenue	-	1 225 018 19	-	-
Bonds payable	-	1 572 200 00	-	-
Total liabilities	<u>843 07</u>	<u>2 797 218 19</u>	<u>1 077 00</u>	<u>-</u>
Fund equity:				
Investment in general fixed assets	-	-	-	535 750 50
Contributed capital	-	2 384 046 00	-	-
Retained earnings:				
Reserved	-	427 523 10	-	-
Unreserved	-	258 904 28	-	-
Fund balances:				
Unreserved				
Undesignated	<u>207 251 58</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>207 251 58</u>	<u>3 070 473 38</u>	<u>-</u>	<u>535 750 50</u>
Total Liabilities and Fund Equity	<u>208 094 65</u>	<u>5 867 691 57</u>	<u>1 077 00</u>	<u>535 750 50</u>

The accompanying notes are an integral part of these financial statements.

<u>Groups</u> <u>General Long-</u> <u>Term Debt</u>	<u>Primary</u> <u>Government</u> <u>Total</u> <u>(Memorandum</u> <u>Only)</u>	<u>Component</u> <u>Unit</u>	<u>Reporting</u> <u>Entity</u> <u>Total</u> <u>(Memorandum</u> <u>Only)</u>
-	843 07	-	843 07
-	1 077 00	-	1 077 00
629 792 65	629 792 65	-	629 792 65
-	1 225 018 19	629 792 65	1 854 810 84
-	1 572 200 00	293 880 00	1 866 080 00
<u>629 792 65</u>	<u>3 428 930 91</u>	<u>923 672 65</u>	<u>4 352 603 56</u>
-	535 750 50	306 910 03	842 660 53
-	2 384 046 00	-	2 384 046 00
-	427 523 10	-	427 523 10
-	258 904 28	-	258 904 28
-	207 251 58	1 150 85	208 402 43
-	3 813 475 46	308 060 88	4 121 536 34
<u>629 792 65</u>	<u>7 242 406 37</u>	<u>1 231 733 53</u>	<u>8 474 139 90</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL
FUND TYPES AND COMPONENT UNITS

Year Ended March 31, 2004

EXHIBIT B
Page 1

	<u>Governmental Fund Type General</u>	<u>Primary Government Total (Memorandum Only)</u>	<u>Component Unit</u>
Revenues:			
Property taxes	41 123 77	41 123 77	-
Special assessments – lighting	8 331 19	8 331 19	-
Licenses and permits	5 318 93	5 318 93	-
State revenue sharing	194 536 00	194 536 00	-
Charges for services – fees:			
Cemetery	5 756 62	5 756 62	-
PTAF	19 293 67	19 293 67	-
Interest	2 040 05	2 040 05	-
Rent income	-	-	16 617 09
Miscellaneous	<u>36 765 86</u>	<u>36 765 86</u>	<u>-</u>
Total revenues	<u>313 166 09</u>	<u>313 166 09</u>	<u>16 617 09</u>
Expenditures:			
Legislative:			
Township Board	18 184 40	18 184 40	-
General government:			
Supervisor	9 707 55	9 707 55	-
Elections	1 997 20	1 997 20	-
Assessor	13 843 46	13 843 46	-
Clerk	13 512 80	13 512 80	-
Board of Review	1 335 75	1 335 75	-
Treasurer	20 347 60	20 347 60	-
Building and grounds	5 147 16	5 147 16	-
Cemetery	16 123 27	16 123 27	-
Unallocated	9 179 22	9 179 22	500 00
Public safety:			
Police protection	27 049 24	27 049 24	-
Fire protection	27 121 47	27 121 47	-
Ambulance	16 519 00	16 519 00	-
Planning and zoning	1 660 26	1 660 26	-
Inspections	565 09	565 09	-

The accompanying notes are an integral part of these financial statements.

Reporting
Entity
Total
(Memorandum
Only)

41 123 77
8 331 19
5 318 93
194 536 00

5 756 62
19 293 67
2 040 05
16 617 09

36 765 86

329 783 18

18 184 40

9 707 55
1 997 20
13 843 46
13 512 80
1 335 75
20 347 60
5 147 16
16 123 27
9 679 22

27 049 24
27 121 47
16 519 00
1 660 26
565 09

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL
FUND TYPES AND COMPONENT UNITS

Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Type General</u>	<u>Primary Government Total (Memorandum Only)</u>	<u>Component Unit</u>
Expenditures: (continued)			
Public works:			
Highways and streets	38 602 31	38 602 31	-
Street lighting	6 598 47	6 598 47	-
Recycling	986 35	986 35	-
Sewer	72 00	72 00	-
Drains at large	139 25	139 25	-
Culture and recreation:			
Parks and recreation	140 00	140 00	-
Library	3 940 02	3 940 02	-
Other:			
Insurance	22 497 00	22 497 00	-
Pension	4 076 29	4 076 29	-
Capital outlay	5 377 32	5 377 32	-
Debt service	<u>16 617 09</u>	<u>16 617 09</u>	<u>16 617 09</u>
Total expenditures	<u>281 339 57</u>	<u>281 339 57</u>	<u>17 117 09</u>
Excess (deficiency) of revenues over expenditures	<u>31 826 52</u>	<u>31 826 52</u>	<u>(500 00)</u>
Other financing sources (uses):			
Transfers from primary government	-	-	500 00
Transfers to component unit	<u>(500 00)</u>	<u>(500 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500 00)</u>	<u>(500 00)</u>	<u>500 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	31 326 52	31 326 52	-
Fund balances, April 1	<u>175 925 06</u>	<u>175 925 06</u>	<u>1 150 85</u>
Fund Balances, March 31	<u><u>207 251 58</u></u>	<u><u>207 251 58</u></u>	<u><u>1 150 85</u></u>

The accompanying notes are an integral part of these financial statements.

Reporting
Entity
Total
(Memorandum
Only)

38 602 31

6 598 47

986 35

72 00

139 25

140 00

3 940 02

22 497 00

4 076 29

5 377 32

33 234 18

298 456 66

31 326 52

500 00

(500 00)

-

31 326 52

177 075 91

208 402 43

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	42 000 00	41 123 77	(876 23)
Special assessments - lighting	8 300 00	8 331 19	31 19
Licenses and permits	6 100 00	5 318 93	(781 07)
State revenue sharing	210 000 00	194 536 00	(15 464 00)
Charges for services – fees:			
Cemetery	8 300 00	5 756 62	(2 543 38)
PTAF	18 900 00	19 293 67	393 67
Interest	5 000 00	2 040 05	(2 959 95)
Miscellaneous	<u>25 810 72</u>	<u>36 765 86</u>	<u>10 955 14</u>
Total revenues	<u>324 410 72</u>	<u>313 166 09</u>	<u>(11 244 63)</u>
Expenditures:			
Legislative:			
Township Board	25 158 96	18 184 40	(6 974 56)
General government:			
Supervisor	11 821 36	9 707 55	(2 113 81)
Elections	2 601 20	1 997 20	(604 00)
Assessor	15 374 48	13 843 46	(1 531 02)
Clerk	14 834 03	13 512 80	(1 321 23)
Board of Review	2 182 00	1 335 75	(846 25)
Treasurer	22 281 00	20 347 60	(1 933 40)
Building and grounds	7 373 00	5 147 16	(2 225 84)
Cemetery	19 666 88	16 123 27	(3 543 61)
Unallocated	9 383 84	9 179 22	(204 62)
Public safety:			
Police protection	27 049 24	27 049 24	-
Fire protection	29 016 85	27 121 47	(1 895 38)
Ambulance	16 706 00	16 519 00	(187 00)
Planning and zoning	6 000 00	1 660 26	(4 339 74)
Inspections	2 450 00	565 09	(1 884 91)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued):			
Public works:			
Highways and streets	47 300 00	38 602 31	(8 697 69)
Street lighting	8 300 00	6 598 47	(1 701 53)
Recycling	1 288 45	986 35	(302 10)
Sewer	72 00	72 00	-
Drains at large	1 000 00	139 25	(860 75)
Culture and recreation:			
Parks and recreation	1 000 00	140 00	(860 00)
Library	5 775 00	3 940 02	(1 834 98)
Other:			
Insurance	22 497 00	22 497 00	-
Pension	17 500 00	4 076 29	(13 423 71)
Contingency	159 735 54	-	(159 735 54)
Capital outlay	11 500 00	5 377 32	(6 122 68)
Debt service	<u>16 617 09</u>	<u>16 617 09</u>	<u>-</u>
Total expenditures	<u>504 483 92</u>	<u>281 339 57</u>	<u>(223 144 35)</u>
Excess (deficiency) of revenues over expenditures	<u>(180 073 20)</u>	<u>31 826 52</u>	<u>211 899 72</u>
Other financing sources (uses):			
Transfers to component unit	<u>(500 00)</u>	<u>(500 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500 00)</u>	<u>(500 00)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(180 573 20)	31 326 52	211 899 72
Fund balance, April 1	<u>180 573 20</u>	<u>175 925 06</u>	<u>(4 648 14)</u>
Fund Balance, March 31	<u>-</u>	<u>207 251 58</u>	<u>207 251 58</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS – ALL PROPRIETARY FUND TYPES

EXHIBIT D

Year Ended March 31, 2004

	Total (Memorandum Only) <u>Sewer Fund</u>
Operating revenues	<u>109 034 77</u>
Operating expenses	<u>127 213 63</u>
Operating income (loss) before depreciation	<u>(18 178 86)</u>
Depreciation	<u>(83 348 79)</u>
Operating income (loss)	<u>(101 527 65)</u>
Nonoperating income and (expense):	
Amortization	48 654 00
Interest income	70 751 07
Special assessments	119 098 26
Interest expense	<u>(75 634 25)</u>
Net nonoperating income and (expense)	<u>162 869 08</u>
Net income	61 341 43
Retained earnings, April 1	<u>625 085 95</u>
Retained Earnings, March 31	<u>686 427 38</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

COMBINED STATEMENT OF CASH FLOWS –
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2004

EXHIBIT E

	Total (Memorandum Only) <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	93 053 10
Cash payments to suppliers for goods and services	<u>(127 213 63)</u>
Net cash provided (used) for operating activities	<u>(34 160 53)</u>
Cash flows from capital and related financing activities:	
Fixed asset additions	(113 514 12)
Proceeds from bond sales	113 600 00
Collections of special assessments	119 098 26
Increase in contributed capital	100 000 00
Interest paid on bonds	(75 634 25)
Principal paid on bonds	<u>(39 600 00)</u>
Net cash provided (used) for capital and related financing activities	<u>103 949 89</u>
Cash flows from investing activities:	
Interest income	<u>70 751 07</u>
Net cash provided (used) for investing activities	<u>70 751 07</u>
Net increase (decrease) in cash and cash equivalents	140 540 43
Cash and cash equivalents, April 1	<u>402 760 74</u>
Cash and Cash Equivalents, March 31	<u><u>543 301 17</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income	(101 527 65)
Depreciation	83 348 79
Increase in receivables	<u>(15 981 67)</u>
Net Cash Provided (Used) for Operating Activities	<u><u>(34 160 53)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Orleans, Ionia County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Orleans. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Component Unit

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The component unit is the Orleans Township Building Authority.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Proprietary Fund

Enterprise Fund

Enterprise funds report operations that provide services which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (continued)

The proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present revenues and expenses in net total assets. The accrual basis of accounting is utilized by the proprietary fund types. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was .8372 mills, and the taxable value was \$49,213,042.00.

Fixed Assets

Purchases of general fixed assets for all funds are recorded as expenditures in the respective funds at the time of purchase. Such assets are capitalized at cost in the general fixed assets group of accounts except for certain improvements other than buildings, including roads, bridges, curbs, and gutter, streets and sidewalks, drainage systems, and lighting systems. Gifts or contributions are recorded in general fixed assets at fair market value at the time received. No depreciation has been provided on the general fixed assets.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits – Primary Government	<u>742 767 78</u>
Total Deposits – Component Unit	<u>1 150 85</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>	
	<u>Primary Government</u>	<u>Component Unit</u>
Insured (FDIC)	210 564 03	1 150 85
Uninsured and Uncollateralized	<u>529 635 90</u>	<u>-</u>
Total Deposits	<u>740 199 93</u>	<u>1 150 85</u>

The Township of Orleans did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of the changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	107 963 80	-	-	107 963 80
Buildings	145 762 49	-	-	145 762 49
Equipment	<u>276 646 89</u>	<u>5 377 32</u>	<u>-</u>	<u>282 024 21</u>
Total – Primary Unit	<u>530 373 18</u>	<u>5 377 32</u>	<u>-</u>	<u>535 750 50</u>
Building Authority	<u>306 910 03</u>	<u>-</u>	<u>-</u>	<u>306 910 03</u>

Note 4 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>1 077 00</u>	Current Tax Collection	<u>1 077 00</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Primary Government:				
Contract Payable	<u>646 409 74</u>	<u>-</u>	<u>16 617 09</u>	<u>629 792 65</u>
Component Unit:				
Bonds Payable	<u>296 680 00</u>	<u>-</u>	<u>2 400 00</u>	<u>294 280 00</u>

Note 6 – Contract Payable

The Township of Orleans has contracted to irrevocably pledge its limited tax full faith and credit to make payments to the Orleans Township Building Authority in amounts to pay the principal and interest on the bonds payable as they become due.

Note 7 – Bonds Payable – Building Authority Series A

On September 18, 2000, the Orleans Township Building Authority issued \$250,000.00 of its bonds for the purpose of paying costs of the acquisition, construction, furnishing and equipping of a building for use as a fire station and Township office. The bond principal and interest, at the rate of 5.125% per annum, is to be paid from cash rental payments which are to be paid by the Township of Orleans to the Authority. The Township has pledged its limited tax, full faith and credit for the timely payments of the cash rental payments to the Authority. As of March 31, 2004, the principal balance outstanding on the bonds was \$246,000.00 and it is recorded in the General Long-Term Debt Account Group of the Orleans Township Building Authority.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
9/1/04	\$3 000 00	\$5 842 50	\$8 842 50
3/1/05		5 771 25	5 771 25
9/1/05	3 000 00	5 771 25	8 771 25
3/1/06		5 700 00	5 700 00
9/1/06	3 000 00	5 700 00	8 700 00
3/1/07		5 628 75	5 628 75
9/1/07	3 000 00	5 628 75	8 628 75

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 – Bonds Payable – Building Authority Series A (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/08		5 557 50	5 557 50
9/1/08	3 000 00	5 557 50	8 557 50
3/1/09		5 486 25	5 486 25
9/1/09	3 000 00	5 486 25	8 486 25
3/1/10		5 415 00	5 415 00
9/1/10	3 000 00	5 415 00	8 415 00
3/1/11		5 343 75	5 343 75
9/1/11	3 000 00	5 343 75	8 343 75
3/1/12		5 272 50	5 272 50
9/1/12	4 000 00	5 272 50	9 272 50
3/1/13		5 177 50	5 177 50
9/1/13	4 000 00	5 177 50	9 177 50
3/1/14		5 082 50	5 082 50
9/1/14	4 000 00	5 082 50	9 082 50
3/1/15		4 987 50	4 987 50
9/1/15	4 000 00	4 987 50	8 987 50
3/1/16		4 892 50	4 892 50
9/1/16	4 000 00	4 892 50	8 892 50
3/1/17		4 797 50	4 797 50
9/1/17	5 000 00	4 797 50	9 797 50
3/1/18		4 678 75	4 678 75
9/1/18	5 000 00	4 678 75	9 678 75
3/1/19		4 560 00	4 560 00
9/1/19	5 000 00	4 560 00	9 560 00
3/1/20		4 441 25	4 441 25
9/1/20	5 000 00	4 441 25	9 441 25
3/1/21		4 322 50	4 322 50
9/1/21	6 000 00	4 322 50	10 322 50
3/1/22		4 180 00	4 180 00
9/1/22	6 000 00	4 180 00	10 180 00
3/1/23		4 037 50	4 037 50
9/1/23	6 000 00	4 037 50	10 037 50
3/1/24		3 895 00	3 895 00
9/1/24	6 000 00	3 895 00	9 895 00
3/1/25		3 752 50	3 752 50
9/1/25	7 000 00	3 752 50	10 752 50

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 7 – Bonds Payable – Building Authority Series A (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/26		3 586 25	3 586 25
9/1/26	7 000 00	3 586 25	10 586 25
3/1/27		3 420 00	3 420 00
9/1/27	7 000 00	3 420 00	10 420 00
3/1/28		3 253 75	3 253 75
9/1/28	8 000 00	3 253 75	11 253 75
3/1/29		3 063 75	3 063 75
9/1/29	8 000 00	3 063 75	11 063 75
3/1/30		2 873 75	2 873 75
9/1/30	9 000 00	2 873 75	11 873 75
3/1/31		2 660 00	2 660 00
9/1/31	9 000 00	2 660 00	11 660 00
3/1/32		2 446 25	2 446 25
9/1/32	9 000 00	2 446 25	11 446 25
3/1/33		2 232 50	2 232 50
9/1/33	10 000 00	2 232 50	12 232 50
3/1/34		1 995 00	1 995 00
9/1/34	10 000 00	1 995 00	11 995 00
3/1/35		1 757 50	1 757 50
9/1/35	11 000 00	1 757 50	12 757 50
3/1/36		1 496 25	1 496 25
9/1/36	11 000 00	1 496 25	12 496 25
3/1/37		1 235 00	1 235 00
9/1/37	12 000 00	1 235 00	13 235 00
3/1/38		950 00	950 00
9/1/38	13 000 00	950 00	13 950 00
3/1/39		641 25	641 25
9/1/39	13 000 00	641 25	13 641 25
3/1/40		332 50	332 50
9/1/40	14 000 00	332 50	14 332 50
Total	<u>\$246 000 00</u>	<u>\$275 690 00</u>	<u>\$521 690 00</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 – Bonds Payable – Building Authority Series B

On September 18, 2000, the Orleans Township Building Authority issued \$49,480.00 of its bonds for the purpose of paying costs of the acquisition, construction, furnishing and equipping of a building for use as a fire station and Township office. The bond principal and interest, at the rate of 4.75% per annum, is to be paid from cash rental payments which are to be paid by the Township of Orleans to the Authority. The Township has pledged its limited tax, full faith and credit for the timely payments of the cash rental payments to the Authority. As of March 31, 2004, the principal balance outstanding on the bonds was \$48,280.00 and it is recorded in the General Long-Term Debt Account Group of the Orleans Township Building Authority.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
9/1/04	\$500 00	\$1 237 17	\$1 737 17
3/1/05		1 224 36	1 224 36
9/1/05	500 00	1 224 36	1 724 36
3/1/06		1 211 55	1 211 55
9/1/06	500 00	1 211 55	1 711 55
3/1/07		1 198 74	1 198 74
9/1/07	500 00	1 198 74	1 698 74
3/1/08		1 185 92	1 185 92
9/1/08	600 00	1 185 92	1 785 92
3/1/09		1 170 55	1 170 55
9/1/09	600 00	1 170 55	1 770 55
3/1/10		1 155 17	1 155 17
9/1/10	600 00	1 155 17	1 755 17
3/1/11		1 139 80	1 139 80
9/1/11	700 00	1 139 80	1 839 80
3/1/12		1 121 86	1 121 86
9/1/12	700 00	1 121 86	1 821 86
3/1/13		1 103 92	1 103 92
9/1/13	700 00	1 103 92	1 803 92
3/1/14		1 085 99	1 085 99
9/1/14	800 00	1 085 99	1 885 99
3/1/15		1 065 49	1 065 49
9/1/15	800 00	1 065 49	1 865 49
3/1/16		1 044 99	1 044 99
9/1/16	800 00	1 044 99	1 844 99

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 – Bonds Payable – Building Authority Series B (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/17		1 024 49	1 024 49
9/1/17	900 00	1 024 49	1 924 49
3/1/18		1 001 42	1 001 42
9/1/18	900 00	1 001 42	1 901 42
3/1/19		978 36	978 36
9/1/19	1 000 00	978 36	1 978 36
3/1/20		952 74	952 74
9/1/20	1 000 00	952 74	1 952 74
3/1/21		927 11	927 11
9/1/21	1 100 00	927 11	2 027 11
3/1/22		898 92	898 92
9/1/22	1 100 00	898 92	1 998 92
3/1/23		870 74	870 74
9/1/23	1 200 00	870 74	2 070 74
3/1/24		839 99	839 99
9/1/24	1 300 00	839 99	2 139 99
3/1/25		806 67	806 67
9/1/25	1 300 00	806 67	2 106 67
3/1/26		773 36	773 36
9/1/26	1 400 00	773 36	2 173 36
3/1/27		737 49	737 49
9/1/27	1 500 00	737 49	2 237 49
3/1/28		699 05	699 05
9/1/28	1 500 00	699 05	2 199 05
3/1/29		660 61	660 61
9/1/29	1 600 00	660 61	2 260 61
3/1/30		619 61	619 61
9/1/30	1 700 00	619 61	2 319 61
3/1/31		576 05	576 05
9/1/31	1 800 00	576 05	2 376 05
3/1/32		529 92	529 92
9/1/32	1 900 00	529 92	2 429 92
3/1/33		481 24	481 24
9/1/33	2 000 00	481 24	2 481 24
3/1/34		429 99	429 99
9/1/34	2 100 00	429 99	2 529 99
3/1/35		376 18	376 18
9/1/35	2 200 00	376 18	2 576 18

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 – Bonds Payable – Building Authority Series B (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/36		319 80	319 80
9/1/36	2 300 00	319 80	2 619 80
3/1/37		260 86	260 86
9/1/37	2 400 00	260 86	2 660 86
3/1/38		199 36	199 36
9/1/38	2 500 00	199 36	2 699 36
3/1/39		135 30	135 30
9/1/39	2 600 00	135 30	2 735 30
3/1/40		68 72	68 72
9/1/40	<u>2 680 00</u>	<u>68 72</u>	<u>2 748 72</u>
Totals	<u>\$48 280 00</u>	<u>\$58 989 81</u>	<u>\$107 269 81</u>

Note 9 – Bonds Payable – Sewer General Obligation

On November 28, 2001, the Township of Orleans issued \$1,542,000.00 of it's bonds for the purpose of paying part of the cost of sanitary sewer improvements in the Township. The Township has pledged its limited tax, full faith and credit for the timely payment of the principal and interest on the bonds. The bonds require semiannual payments of principal and interest at the rate of 4.75% per annum. As of March 31, 2004, the principal balance issued and outstanding on the bonds was \$1,539,000.00 and it is recorded in the Sewer Fund.

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
4/1/2004	39 500 00	35 696 25	75 196 25
10/1/2004		34 758 13	34 758 13
4/1/2005	39 500 00	34 758 13	74 258 13
10/1/2005		33 820 00	33 820 00
4/1/2006	39 500 00	33 820 00	73 320 00
10/1/2006		32 881 88	32 881 88
4/1/2007	39 500 00	32 881 88	72 381 88
10/1/2007		31 943 75	31 943 75
4/1/2008	39 500 00	31 943 75	71 443 75
10/1/2008		31 005 63	31 005 63

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 9 – Bonds Payable – Sewer General Obligation (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
4/1/2009	39 500 00	31 005 63	70 505 63
10/1/2009		30 067 50	30 067 50
4/1/2010	39 500 00	30 067 50	69 567 50
10/1/2010		29 129 38	29 129 38
4/1/2011	39 500 00	29 129 38	68 629 38
10/1/2011		28 191 25	28 191 25
4/1/2012	39 500 00	28 191 25	67 691 25
10/1/2012		27 253 13	27 253 13
4/1/2013	39 500 00	27 253 13	66 753 13
10/1/2013		26 315 00	26 315 00
4/1/2014	39 500 00	26 315 00	65 815 00
10/1/2014		25 376 88	25 376 88
4/1/2015	39 500 00	25 376 88	64 876 88
10/1/2015		24 438 75	24 438 75
4/1/2016	39 500 00	24 438 75	63 938 75
10/1/2016		23 500 63	23 500 63
4/1/2017	39 500 00	23 500 63	63 000 63
10/1/2017		22 562 50	22 562 50
4/1/2018	39 500 00	22 562 50	62 062 50
10/1/2018		21 624 38	21 624 38
4/1/2019	39 500 00	21 624 38	61 124 38
10/1/2019		20 686 25	20 686 25
4/1/2020	39 600 00	20 686 25	60 286 25
10/1/2020		19 745 75	19 745 75
4/1/2021	39 600 00	19 745 75	59 345 75
10/1/2021		18 805 25	18 805 25
4/1/2022	39 600 00	18 805 25	58 405 25
10/1/2022		17 864 75	17 864 75
4/1/2023	39 600 00	17 864 75	57 464 75
10/1/2023		16 924 25	16 924 25
4/1/2024	39 600 00	16 924 25	56 524 25
10/1/2024		15 983 75	15 983 75
4/1/2025	39 600 00	15 983 75	55 583 75
10/1/2025		15 043 25	15 043 25
4/1/2026	39 600 00	15 043 25	54 643 25
10/1/2026		14 102 75	14 102 75
4/1/2027	39 600 00	14 102 75	53 702 75
10/1/2027		13 162 25	13 162 25

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 9 – Bonds Payable – Sewer General Obligation (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
4/1/2028	39 600 00	13 162 25	52 762 25
10/1/2028		12 221 75	12 221 75
4/1/2029	39 600 00	12 221 75	51 821 75
10/1/2029		11 281 25	11 281 25
4/1/2030	39 600 00	11 281 25	50 881 25
10/1/2030		10 340 75	10 340 75
4/1/2031	39 600 00	10 340 75	49 940 75
10/1/2031		9 400 25	9 400 25
4/1/2032	39 600 00	9 400 25	49 000 25
10/1/2032		8 459 75	8 459 75
4/1/2033	39 600 00	8 459 75	48 059 75
10/1/2033		7 519 25	7 519 25
4/1/2034	39 600 00	7 519 25	47 119 25
10/1/2034		6 578 75	6 578 75
4/1/2035	39 600 00	6 578 75	46 178 75
10/1/2035		5 638 25	5 638 25
4/1/2036	39 600 00	5 638 25	45 238 25
10/1/2036		4 697 75	4 697 75
4/1/2037	39 600 00	4 697 75	44 297 75
10/1/2037		3 757 25	3 757 25
4/1/2038	39 600 00	3 757 25	43 357 25
10/1/2038		2 816 75	2 816 75
4/1/2039	39 600 00	2 816 75	42 416 75
10/1/2039		1 876 25	1 876 25
4/1/2040	39 500 00	1 876 25	41 376 25
10/1/2040		938 13	938 13
4/1/2041	39 500 00	938 13	40 438 13
Total	<u>1 503 000 00</u>	<u>1 357 122 59</u>	<u>2 860 122 59</u>

Note 10 – Bonds Payable – Sewer Revenue

On November 28, 2002, the Township of Orleans issued \$70,400.00 of it's bonds for the purpose of paying part of the cost of sanitary sewer improvements in the Township. The bonds are not a general obligation of the Township but are payable solely from the revenues of the sewer system. The bonds require semiannual payments of principal and interest at the rate of 4.75% per annum. As of March 31, 2004, the principal balance outstanding on the bonds was \$69,200.00 and it is recorded in the Sewer Fund.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Bonds Payable – Sewer Revenue (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
9/1/04		\$1 643 50	\$1 643 50
3/1/05	\$700 00	1 643 50	2 343 50
9/1/05		1 626 88	1 626 88
3/1/06	700 00	1 626 88	2 326 88
9/1/06		1 610 25	1 610 25
3/1/07	800 00	1 610 25	2 410 25
9/1/07		1 591 25	1 591 25
3/1/08	800 00	1 591 25	2 391 25
9/1/08		1 572 25	1 572 25
3/1/09	800 00	1 572 25	2 372 25
9/1/09		1 553 25	1 553 25
3/1/10	900 00	1 553 25	2 453 25
9/1/10		1 531 88	1 531 88
3/1/11	900 00	1 531 88	2 431 88
9/1/11		1 510 50	1 510 50
3/1/12	1 000 00	1 510 50	2 510 50
9/1/12		1 486 75	1 486 75
3/1/13	1 000 00	1 486 75	2 486 75
9/1/13		1 463 00	1 463 00
3/1/14	1 100 00	1 463 00	2 563 00
9/1/14		1 436 88	1 436 88
3/1/15	1 100 00	1 436 88	2 536 88
9/1/15		1 410 75	1 410 75
3/1/16	1 200 00	1 410 75	2 610 75
9/1/16		1 382 25	1 382 25
3/1/17	1 300 00	1 382 25	2 682 25
9/1/17		1 351 38	1 351 38
3/1/18	1 300 00	1 351 38	2 651 38
9/1/18		1 320 50	1 320 50
3/1/19	1 400 00	1 320 50	2 720 50
9/1/19		1 287 25	1 287 25
3/1/20	1 500 00	1 287 25	2 787 25
9/1/20		1 251 63	1 251 63
3/1/21	1 500 00	1 251 63	2 751 63
9/1/21		1 216 00	1 216 00

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Bonds Payable – Sewer Revenue (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/22	1 600 00	1 216 00	2 816 00
9/1/22		1 178 00	1 178 00
3/1/23	1 700 00	1 178 00	2 878 00
9/1/23		1 137 63	1 137 63
3/1/24	1 800 00	1 137 63	2 937 63
9/1/24		1 094 88	1 094 88
3/1/25	1 800 00	1 094 88	2 894 88
9/1/25		1 052 13	1 052 13
3/1/26	1 900 00	1 052 13	2 952 13
9/1/26		1 007 00	1 007 00
3/1/27	2 000 00	1 007 00	3 007 00
9/1/27		959 50	959 50
3/1/28	2 100 00	959 50	3 059 50
9/1/28		909 63	909 63
3/1/29	2 200 00	909 63	3 109 63
9/1/29		857 38	857 38
3/1/30	2 300 00	857 38	3 157 38
9/1/30		802 75	802 75
3/1/31	2 400 00	802 75	3 202 75
9/1/31		745 75	745 75
3/1/32	2 500 00	745 75	3 245 75
9/1/32		686 38	686 38
3/1/33	2 700 00	686 38	3 386 38
9/1/33		622 25	622 25
3/1/34	2 800 00	622 25	3 422 25
9/1/34		555 75	555 75
3/1/35	2 900 00	555 75	3 455 75
9/1/35		486 88	486 88
3/1/36	3 000 00	486 88	3 486 88
9/1/36		415 63	415 63
3/1/37	3 200 00	415 63	3 615 63
9/1/37		339 63	339 63
3/1/38	3 300 00	339 63	3 639 63
9/1/38		261 25	261 25
3/1/39	3 500 00	261 25	3 761 25
9/1/39		178 13	178 13

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 10 – Bonds Payable – Sewer Revenue (continued)

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
3/1/40	3 700 00	178 13	3 878 13
9/1/40		90 25	90 25
3/1/41	3 800 00	90 25	3 890 25
Total	<u>\$69 200 00</u>	<u>\$79 253 90</u>	<u>\$148 453 90</u>

Note 11 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 12 – Pension Plan

The Township has a defined contribution pension plan which covers substantially all employees. The Township's contributions during the year ended March 31, 2004, were \$4,076.29.

Note 13 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 14 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Component Unit		Primary Government	
Building Authority	<u>500 00</u>	General Fund	<u>500 00</u>
Total	<u>500 00</u>	Total	<u>500 00</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 15 – Building Permits

As of March 31, 2004, the Township had no building permit revenues and building permit expenses of \$565.09.

Note 16 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF ORLEANS
Ionia County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT F
Page 1

Township Board:	
Salaries	3 498 00
Office supplies	26 20
Printing and publishing	1 233 80
Audit	2 150 00
Legal fees	8 909 38
Dues and subscriptions	1 149 73
Miscellaneous	1 217 29
	<u>18 184 40</u>
Supervisor:	
Salary	8 435 78
Deputy	294 00
Office supplies	271 41
Telephone	706 36
	<u>9 707 55</u>
Elections:	
Wages	853 25
Miscellaneous	1 143 95
	<u>1 997 20</u>
Assessor:	
Contracted services	12 821 20
Miscellaneous	1 022 26
	<u>13 843 46</u>
Clerk:	
Salary	10 225 49
Deputy	608 00
Telephone	480 29
Office supplies	1 785 61
Travel	33 12
Miscellaneous	380 29
	<u>13 512 80</u>
Board of Review:	
Wages	1 182 00
Printing and publishing	153 75
	<u>1 335 75</u>
Treasurer:	
Salary	13 765 00
Deputy	1 216 00
Telephone	444 75
Office supplies	3 257 17
Travel	1 063 48
Miscellaneous	601 20
	<u>20 347 60</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT F
Page 2

Building and grounds:	
Contracted services	350 00
Utilities	2 536 98
Repairs and maintenance	2 208 00
Miscellaneous	52 18
	<u>5 147 16</u>
Cemetery:	
Wages	6 909 92
Repairs and maintenance	1 203 46
Contracted services	7 350 00
Miscellaneous	659 89
	<u>16 123 27</u>
Unallocated:	
Miscellaneous	9 179 22
	<u>9 179 22</u>
Police protection:	
Contracted services	27 049 24
	<u>27 049 24</u>
Fire protection:	
Wages	16 418 00
Gas and oil	2 628 27
Insurance	1 852 51
Utilities	1 422 40
Supplies	2 122 00
Repairs and maintenance	1 905 73
Miscellaneous	772 56
	<u>27 121 47</u>
Ambulance:	
Contracted services	16 519 00
	<u>16 519 00</u>
Planning and zoning:	
Wages	1 621 00
Miscellaneous	39 26
	<u>1 660 26</u>
Inspections:	
Wages	558 25
Travel	6 84
	<u>565 09</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT F
Page 3

Highways and streets:	
Road repairs	14 942 31
Brine	<u>23 660 00</u>
	<u>38 602 31</u>
Street lighting	<u>6 598 47</u>
Recycling	<u>986 35</u>
Sewer:	
Miscellaneous	<u>72 00</u>
Drains at large	<u>139 25</u>
Parks and recreation:	
Repairs and maintenance	<u>140 00</u>
Library:	
Utilities	912 29
Repairs and maintenance	555 08
Contracted services	350 00
Miscellaneous	<u>2 122 65</u>
	<u>3 940 02</u>
Insurance	<u>22 497 00</u>
Pension	<u>4 076 29</u>
Capital outlay	<u>5 377 32</u>
Debt service	<u>16 617 09</u>
Total Expenditures	<u>281 339 57</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in Bank	<u>3 903 40</u>	<u>1 392 481 41</u>	<u>1 395 307 81</u>	<u>1 077 00</u>
<u>Liabilities</u>				
Due to other funds	3 903 40	142 096 96	144 923 36	1 077 00
Due to other units	<u>-</u>	<u>1 250 384 45</u>	<u>1 250 384 45</u>	<u>-</u>
Total Liabilities	<u>3 903 40</u>	<u>1 392 481 41</u>	<u>1 395 307 81</u>	<u>1 077 00</u>

TOWNSHIP OF ORLEANS
Ionia County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT H

Cash in bank – beginning of year	<u>3 903 40</u>
Cash receipts:	
Property taxes	1 378 390 23
Property tax administration fees	13 218 75
Interest	<u>872 43</u>
Total cash receipts	<u>1 392 481 41</u>
Total beginning balance and cash receipts	<u>1 396 384 81</u>
Cash disbursements:	
Township General Fund	59 759 81
Township Sewer Fund	85 163 55
Ionia County	525 650 62
Ionia Public Schools	133 257 95
Ionia Intermediate School District	197 536 85
Belding Public Schools	347 190 11
Haynor School District	14 65
Refunds	<u>46 734 27</u>
Total cash disbursements	<u>1 395 307 81</u>
Cash in Bank – End of Year	<u>1 077 00</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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KENNETH P. KUSTERER, CPA

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

EXHIBIT I
Page 1

June 17, 2004

To the Township Board
Township of Orleans
Ionia County, Michigan

We have audited the financial statements of Township of Orleans, Ionia County, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated June 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Township of Orleans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Orleans' internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted an inadequate control over cash transactions

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Page 2

To the Township Board
Township of Orleans
Ionia County, Michigan
June 17, 2004
Page 2

caused by an inherent lack of segregation of duties which is due to the limited number of office personnel employed involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information of management and other regulatory agencies. However, this report is a matter of public records and its distribution is not limited.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

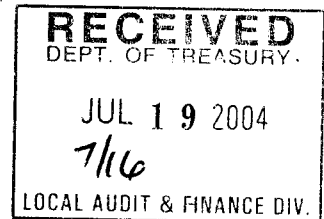
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 17, 2004

To the Township Board
Township of Orleans
Ionia County, Michigan



We have audited the financial statements of the Township of Orleans, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Orleans in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Orleans
Ionia County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Orleans
Ionia County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Orleans will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants